



Montgomery County Council

For Immediate Release

June 11, 2002

Contact: Patrick Lacefield 240-777-7939 or Jean Arthur 240-777-7934

**N
E
W
S

R
E
L
E
A
S
E**

COUNCIL APPROVES "LIVING WAGE" MEASURE TO HELP COUNTY'S WORKING POOR

The Montgomery County Council today gave overwhelming approval to legislation to help the County's working poor by requiring for-profit companies with county contracts for services to pay their workers at least \$10.50 an hour for county work.

"People who work hard for a living ought to earn a living wage," said Councilmember Phil Andrews, who championed the measure. "This legislation will give a boost to several thousand Montgomery families. And it will help businesses by reducing employee turnover and increasing productivity.

"I'm proud that Montgomery County will soon join the more than 80 local jurisdictions around the country where living wage laws are already making a difference."

"These are the people who clean the windows, cut the grass, and collect our garbage," said Council President Silverman, who was instrumental in winning support for the initiative. "They work hard and play by the rules. They deserve a living wage."

The legislation would cover for-profit county contractors with ten or more employees and \$50,000 in county contracts. It would not cover non-profit organizations, contracts for public utility services, and emergency contracts. It would be indexed annually to the Consumer Price Index.

Contractors who offer health insurance would receive credit against the \$10.50 wage level. Also, non-profit contractors who pay a living wage would not be penalized for those higher costs in bidding on county contracts.

(more...)

page two

Almost three years ago, a similar measure was narrowly defeated by the Council, which instead approved a county "earned income tax credit" and a "Rewarding Work" package of other assistance.

This living wage would go into effect on July 1, 2003. Andrews said the measure could affect 447 contracts totaling \$388 million worth of business with Montgomery County government.

The legislation, sponsored by Councilmember Andrews, Council President Steve Silverman, and Councilmembers Isiah Leggett, Blair Ewing, and Derick Berlage, passed 7-1. Councilmembers Marilyn Praisner, Howard Denis, and Michael Subin also voted in favor. Councilmember Nancy Dacek was opposed. Councilmember Leggett, a strong living wage supporter, was not present for the vote.

Councilmembers were joined at a news conference after the vote by community, union, religious, and political leaders. All credited the persistent three-year grassroots community campaign for the bill as critical to its passage.

#

Attached find a summary of the bill's provisions.

Summary of Provisions of Living Wage Bill Approved by Montgomery County Council June 11, 2002

Wage requirement: At least \$10.50 per hour for employees while they actually are performing work on a county contract, indexed annually to any increase in the CPI. Contractors must demonstrate in their bids that they will meet this requirement, and must include sufficient funds in bids to do so.

Health Insurance: Contractors can credit the employer's contribution for health insurance toward the \$10.50 wage requirement. For example, if a contractor pays \$2080 a year (the equivalent of \$1 per hour annualized) for health insurance for an employee working on a county contract, the contractor could credit that amount against the annualized wage of \$10.50 per hour (\$21,840 per year) and pay the employee \$9.50 per hour (\$19,760).

Covered Contracts: Any contract for procurement of services by county government, unless:

- The contractor/subcontractor has less than 10 employees when submitting a bid and does not have 10 or more employees at any time while the contract is in effect **as a result of performing the contract**.
- The contract is for less than \$50,000 and the contractor has received less than \$50,000 from the county in the most recent 12-month period.

Non-profits: 501C-3 organizations are not subject to the wage requirement but are protected from being penalized if they do so.

When bidding on a county contract, however, these non-profits must indicate what they intend to pay workers on the contract and whether health insurance will be provided. The bill would prevent a 501-C3 non-profit from being penalized in the bid evaluation process if it commits in its bid to voluntarily meet the wage requirement for workers on the contract and another non-profit competing for the same contract does not.

Other exempt contracts:

- Contracts for services needed immediately to address a public health or safety emergency
- Sole source contracts
- Contracts for utility services provided by a regulated public utility
- Contracts with public entities
- Employers who are expressly precluded by federal or state law from complying

Individual exceptions to coverage:

- An employee who is covered by a collective bargaining agreement
- An employee in a summer youth employment program
- An employee who participates in a government-operated or sponsored program that restricts earning or wages to a level below the wage required by this bill

Enforcement: Contractors must certify compliance, post notices, and send a copy to the Director of Procurement. The County's Chief Administrative Officer (CAO) must enforce these requirements, conduct random audits and other necessary audits, and investigate complaints. The CAO must report annually to the Council and the Executive about the law's operations.

Whistleblower protection and rights of recovery: Retaliation by a contractor for assertion of rights by an employee is prohibited and subject to all sanctions for noncompliance. Employee also has right of civil action to enforce payment of wages, recover any unpaid wages with interest, a reasonable attorney's fee, and damages for any retaliation.

Effective Date: July 1, 2003, both for new contracts and for contracts that are renewed.